

USPS-FY13-30 FY 2013 Market Dominant NSA Materials

PREFACE

A. Purpose and Content

USPS-FY13-30, FY 2013 Market Dominant NSA Documentation, reports revenues and volumes associated with Market-Dominant NSAs that were in effect during FY13 and had been in effect for one year by the end of FY13. It also calculates the costs and incremental values of those NSAs. Section III of this Preface also includes some information about certain Address Management products.

B. Predecessor Document

USPS-FY12-30 (FY 2012 Market Dominant NSA Documentation)

C. Corresponding Non-Public Document

There is no corresponding non-public document. Information on competitive domestic NSAs are found in USPS-FY13-NP27.

D. Methodology

The NSA Documentation calculates the cost associated with each NSA based on implicit unit cost data from the unit cost model (FY13 NSA Unit Cost Detail Data Calculations.xls). For each NSA, the implicit unit cost for each rate category is multiplied by the volume in that rate category. The resulting costs by rate category are summed for each NSA. Subtracting this total cost from the total revenue associated with each NSA results in the total contribution for the NSA, which is then divided by the total volume to yield average contribution per piece. This figure is then multiplied by the volume above the threshold to calculate the incremental contribution from the NSA. Finally, the rebate paid is subtracted from the incremental contribution to calculate the net value of the NSA to the Postal Service.

In the FY13 NSA Unit Cost Detail Data Calculations.xls spreadsheet, disaggregated data are used for First Class Presort Flats where available and combined single and presort data are used where not available. Extraneous data which did not feed the summary data sheet have been eliminated since the USPS FY12-30 report filing. A "Note" tab has been added to explain the data contained on each tab and the source of the data. Lastly, "Attributable Costs D Report" was added to provide adjusted cost data for the ECR categories, and the "RPW" tab was removed because the data it contained are found in other tabs in the report.

E. Input/Output

The unit costs presented in USPS-FY13-30 rely on inputs from:

1. USPS-FY13-4
2. USPS-FY13-10
3. USPS-FY13-11
4. USPS-FY13-18
5. USPS-FY13-19
6. USPS-FY13-24

The outputs, specifically the unit costs, are used in USPS-FY13-27. Also, the outputs feed into the NSA rows in First-Class Mail and Standard Mail in the Public and Non-Public CRA Reports (USPS-FY13-1, USPS-FY13-NP11).

II. ORGANIZATION

Besides this preface, USPS-FY13-30 NSA Documentation contains two Microsoft Office Excel workbooks. One file, **FY 13 NSA Unit Cost Detail Data Calculations.xls**, pulls together unit cost information. The second file, **ACR_ NSA _FY13_ report_2013.12.19.xlsx**, contains one worksheet that replicates the summary unit costs information from the first file (FY13 NSA Unit Cost Detail Data Calculations.xls), one worksheet containing calculations related to the current NSA, and one worksheet that presents summary calculations for the FY 2013 CRA.

III. SUPPLEMENTAL INFORMATION ON ADDRESS MANAGEMENT PRODUCTS

Commission Order No. 391, at 11 (January 13, 2012) requires the Postal Service to report current fees and revenues for the following services included in the MCS under Address Management Services:

Advance Notification and Tracking System
 MAC (Manifest Analysis and Certification) Batch System Certification
 MAC Gold System Certification
 MAC System Certification
 PAGE (Presort Accuracy, Grading, and Evaluation) System Certification
 PAVE (Presort Accuracy, Validation, and Evaluation) System Certification
 Z4Info

The requested fee and revenue information for each process is as follows.

Advance: No fees or revenue.

MAC Batch System Certification:

The MAC Batch certification program is free-of-charge, for the first 90 days of a

cycle. However, a fee is charged for:

- Any software developer initiating testing in the MAC Batch program after the initial 90-day free of charge period
- Any product that has failed the combined electronic/hard copy testing three times in any one test category

This fee is assessed as follows:

- Minimum fee for first out of cycle or retest is \$250.00 – the initial evaluation fee of \$200 and initial test (file generation) fee of \$50.00.
- Additional tests have a fee of \$35.00 each – evaluation fee of \$25.00 and test file generation of \$10.00.
- Example 1: If you are taking one out of cycle/retest the charge is \$250.00, as explained above.
- Example 2: If you are taking three out of cycle/retests the charge is \$320.00 – \$250.00 for the initial testing fee and \$70.00 for the additional 2 tests.

FY 2013 Revenue: \$0

MAC Gold System Certification and MAC System Certification:

The MAC/MAC Gold certification programs are free-of-charge, at this time, to software developers actively participating during the normal testing cycle or when a *DMM or Publication 401* -initiated MAC cycle is conducted. However, a fee is charged for:

--any software developer initiating testing in the MAC program outside of the normal testing cycle

--any product that has failed the three electronic or three hardcopy test rounds

This fee is assessed as follows:

--minimum fee for first retest or out-of-cycle is \$250.00 which will include three rounds

--each additional three rounds will be \$250.00

FY 2013 Revenue: \$0

PAGE:

The cost varies depending on the application submitted and quantity.

Developers of the Software MUST submit the following forms:

- PAGE001.PDF: Developer Pre-Certification Questionnaire (must be submitted with the form PAGE002.PDF) – PAGE001.PDF, no cost applies

- PAGE002.PDF: Developer's Application: * The annual cost/renewal is:

\$1,000 – Analysis conducted at NCSC site

\$2,500 – Analysis conducted at Developer's site (initial cost for the first audit)

\$1,500 – Re-Certification Analysis conducted at Developer's site (renewal of certification audit on-site)

- PAGE003.PDF: User's Application: * Examination Package (Exam Only) – Cost \$25.00 (each)

* Optional PAGE Reference Kit (Includes PAGE CD – with Glossary, Customer Support Rulings, and DMM References) - Cost \$20.00 each for a quantity less than 20, or \$15.00 each for a quantity of 20 or more.

FY2013 Revenue: \$1200.00

PAVE

The PAVE certification program is free-of-charge, for the first 90 days of a cycle, to developers participating during the normal testing cycle or when a DMM initiated PAVE cycle is conducted. However, a fee is charged for:

- any developer initiating testing in the PAVE program after the initial 90 day 'free' period of a cycle
- any product that has failed three electronic and two hard copy tests in any one test category
- This fee is assessed as follows:
 - Minimum fee for first Out of Cycle or Retest is \$250.00. This is made up by the initial evaluation fee of \$200 and Initial test (file generation) fee of \$50.00.
 - Each additional test has a fee of \$35.00 each. This is made up by the evaluation fee of \$25.00 and test file generation for \$10.00.
- Example 1: If you are taking one out of cycle/retest the charge is \$250.00, as explained above.
- Example 2: If you are taking three out of cycle/retests the charge is \$320.00. This is made up of the \$250.00 of the initial testing fee and the \$70.00 for the additional 2 tests.

FY 2013 Revenue: \$820.00

Z4Info: No fees or revenue